

**HELP FOR HARDEST HIT HOUSING MARKETS
MICHIGAN PLAN
MARCH 29, 2010
UPDATED April 14, 2010**

On February 19, 2010, President Obama announced \$1.5 billion in funding for innovative measures to help families in the states that have been hit the hardest by the aftermath of the housing bubble. Michigan has been selected as one of the five states to share in this investment with an award of \$154.5 million.

In order for our office to create meaningful programs, MSHDA reached out to our statewide network of homeownership counseling agencies, the Michigan Bankers Association (MBA), Michigan Credit Union League (MCUL), Michigan Association of Community Bankers (MACB), Michigan Association of Realtors (MAR) and the Michigan Foreclosure Task Force (MFTF) for creative feedback and partnership commitment to ensure usage.

Programs were crafted with the Michigan unemployed in mind due to 57.4% of the national delinquencies reflect job loss as reason for delinquency.

These delinquencies spiral to foreclosures for many residents. Home sales are saturating the market and lenders are forced to sell properties at a significant loss thus impacting overall values in all regions.

In order for Michigan to combat this crisis it is crucial for us to create programs that allow families to stay in their homes, hence stopping the significant drop in values and encouraging growth in all regions. This can be accomplished with the following three programs;

Unemployed Subsidy

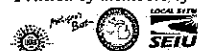
Program is being designed to provide support to homeowners who are currently drawing unemployment benefits and are struggling to make their monthly mortgage payment.

- One time grant to assist Homeowners in retaining ownership by subsidizing mortgage payments during their time of unemployment, not to exceed a total of 12 consecutive months.
- Lesser of monthly voucher at 50% of total payment or \$750 per month.

60+% of total state award targeted for this program, which at maximum distribution may assist 11,090 households.

Michigan Rescue Fund

Many Michigan households have dealt with a significant obstacle (previous job loss, family death or medical issue) in their lives in the past year, yet now have overcome the obstacle and are back on track. Due to the obstacle there is an arrearage with their monthly mortgage payment. This program will allow households to possibly restructure their mortgage with their



lender and receive funds to cover this arrearage.

- A one time maximum \$5,000 household grant
- Existing Lender may modify loan to enhance homeowners success of ownership

10% of total state award targeted for this program, which at maximum distribution may assist 3,090 households.

Principal Curtailment

One time grant to assist homeowners and Lender/Service reach an amicable Loan Modification Agreement, re-amortizing the lower outstanding principal balance. Grant amount may include a principal curtailment up to \$10,000. Lender/Service must match with a minimum dollar for dollar curtailment.

- Up to \$10,000 per household from MSHDA
- Match from lender \$ for \$.

20% of total state award targeted for this program, which at maximum distribution may assist up to 3,190 households.

Hardest Hit Fund Overview

Total assisted households = 17,370

Overhead and Administrative costs are being reserved at <10%.